

## Message Text

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ACTION L-03

INFO OCT-01 ARA-16 ISO-00 EB-11 CAB-09 CIAE-00 COME-00

DODE-00 DOTE-00 INR-10 NSAE-00 RSC-01 FAA-00 SS-20

NSC-07 H-03 DRC-01 /082 W

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R 222030Z MAR 74

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 5757

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E.O. 11652: N/A

TAGS: ETRN, AR

SUBJECT: CIVAIR BILATERAL RELATIONS

REF: (A) BUENOS AIRES 2064

(B) BUENOS AIRES 2066

(C) STATE 057046

1. EMBASSY BELIEVES FOLLOWING COMMENTS PERTINENT TO LATEST  
GOA STEPS REPORTED REFTELS AS WELL AS TO NEGOTIATIONS PER  
SE. A) DEPARTMENT OBVIOUSLY CORRECT IN STATING "REALISTIC  
ATTITUDE" OF AEROLINEAS ARGENTINAS REPORTED NEAR MID-FEBRUARY  
DID NOT APPARENTLY SWING ARGENTINE DELEGATION DURING NEGO-  
TIATIONS. WE BELIEVE, HOWEVER, PRESSURES GENERATED FROM  
AEROLINEAS PLANS, WHICH ARE RECENTLY EXPANSIONARY, STILL  
INCREASING AND MAY BE RESPONSIBLE IN PART FOR DEMARCHES MADE  
MARCH 20 BY ARGENTINES; B) IT WOULD APPEAR GOA OFFICIALS IN  
DNTAC SEEKING SECURE SITUATION IN WHICH US WOULD PAY TWICE,  
AND HEAVILY, FOR RIGHTS TO INCREASE CAPACITY OVER ALL ROUTES  
TO B.A.; C) STATEMENTS MADE BY HUERGO TO DEPARTMENT'S LEGAL  
OFFICER AND BY WITTE, TO DCM MONTLLOR, AND ALSO CONTAINED IN  
"INFORMAL AIDE MEMOIRE" PRESENTED TO EMBASSY ARE EXAGGERATED  
AND TENDENTIOUS, BESIDES BEING, OFTEN, NOT FACTUAL. US MAY  
RISK ARGENTINES MAKING WRONG ASSUMPTIONS OF US TRUE POSITION  
IF POINTS MADE IN MARCH 20 DOCUMENT AND RELATED DEMARCHES  
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ARE NOT REBUTTED; D) WITH ARGENTINES NOW PROVIDING EXTRAORDI-

NARY IMPETUS AND REQUEST OR DEMAND FOR ACTION ON CIVIL AVIATION MATTERS, AFTER DRAGGING THEIR FEET FOR THE WHOLE NINE MONTHS THAT NEW GOVERNMENT HAS BEEN IN POWER, BEST US APPROACH IS PROBABLY ONE WHICH DOES NOT REACH FOR FIRST POSSIBLY ACCEPTABLE SOLUTION.

2. WE HAVE HEARD FREQUENTLY THAT AEROLINEAS FEELS IT CAN ADD FREQUENCIES TO US, THE MOST LUCRATIVE OF ITS INTERNATIONAL ROUTES, WITHOUT ADDING MORE EQUIPMENT. US AIRLINES BELIEVE IT IS POSSIBLE. WE NO LONGER DOUBT IT. IN ADDITION, AEROLINEAS IS IN PROCESS OF ADDING 707 EQUIPMENT. WE BELIEVE THAT THEY WILL PRESS FORWARD WITH PLANS SEEKING TO AUGMENT FLIGHTS TO US, FIGHTING WITTE IF NECESSARY. WITH BRAZIL'S VARIG SOON TO UTILIZE WIDE-BODIED JETS, ADDITIONAL PRESSURES ARE COMING UPON AEROLINEAS AND GOA TO SECURE AND USE SIMILAR DRAFT. MOST FEASIBLE ROUTES FOR SUCH USE ARE TO US. OF COURSE, AEROLINEAS AND DNTAC WISH TO BUY NEW TRAFFIC RIGHTS AT LOWEST POSSIBLE PRICE.

3. WITTE, IN STATEMENTS TO DCM ON MARCH 20, LIKE HUERGO, CLAIMED THAT FINAL ACT SIGNED MARCH 1 AND RELATED TALKS BETWEEN DELEGATION CREATED SITUATION IN WHICH USG WAS STUDYING ARGENTINE REQUEST FOR ADDITIONAL CO-TERMINAL RIGHTS. THIS AND MANY OF STATEMENTS IN "INFORMAL AIDE MEMOIRE" REQUIRE REBUTTAL. OTHERWISE, GOA MAY TEND TO BELIEVE THEIR STATEMENTS ARE ACCEPTED. THIS PROCESS WILL BE A DETAILED, TIME-CONSUMING ONE BUT WE BELIEVE IT MUST BE UNDERTAKEN. FOR EXAMPLE, DOCUMENT INDICATES US LINES ROUTE RIGHTS ARE PROVISIONAL WHILE US LINES CLAIM SEVERAL OF THESE WERE GIVEN BY PRESIDENTIAL DECREE WITH NO TERMINATION DATE AND COULD NOT, IN ARGENTINA, BE MORE PERMANENT.

4. IT IS UNDENIABLE, THAT US AND GOA VIEW DIFFERENTLY THE DEGREE OF IMPLEMENTATION OF AGREEMENT REACHED DEC, 1972. IN ARGENTINE EYES, US CARRIERS AND USG UNDER VALUE RELIEF FROM RESTRICTIONS ON SEATING CAPACITY AND COMPLETE FLEXIBILITY IN USE OF INTERMEDIATE STOPS. THEY WILL CONTINUE TO USE SUCH ARGUMENTS FOR BARGAINING PURPOSES. THEY WILL NOT BE CONSISTENT NOR RATIONAL IN COMPARING CAPACITY-FREQUENCY FREEDOM WITH ROUTE RIGHTS AND ACCESS TO MARKETS. EMBASSY BELIEVES, HOWEVER, LIMITED OFFICIAL USE

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THAT AEROLINEAS AND GOA NOW HAVE AN APPRECIATION OF BENEFITS ARISING FROM CO-TERMINALIZATION THAT WAS NOT PRESENT BEFORE MID-OR LATE-1973.

5. IN PRESENT CIRCUMSTANCES, AND CONSIDERING SENSITIVITIES GENERAL BILATERAL RELATIONS WHICH ALSO THREATENED BY OTHER ISSUES, EMBASSY BELIEVES BEST US COURSE OF ACTION IS TO AWAIT FURTHER DEVELOPMENT OF ARGENTINE WILLINGNESS TO NEGOTIATE

REASONABLY. FOR THE IMMEDIATE FUTURE, TIME APPEARS TO BE ON OUR SIDE. WE FEEL US CARRIERS NOW SEE SOME PROSPECTS FOR SECURING ALL OR MOST OF THEIR GOALS AND WILL BE WILLING TO PLAY BALL WITH USG IN REGARD TO TIMING. OUR SPECIFIC RECOMMENDATIONS ARE: A) THAT USG, WITH ARGENTINE EMBASSY IN WASHINGTON AND THROUGH THIS EMBASSY, THE FOREIGN OFFICE, SET THE RECORD STRAIGHT CONCERNING ACTIONS AWAITED FOLLOWING END OF NEGOTIATIONS MARCH 1. WE SHOULD GIVE ARGENTINES CLARIFICATION CONCERNING CONDITIONS UNDER WHICH US WILLING STUDY ADDITIONAL CO-TERMINALIZATION; B) ARGENTINES SHOULD AGAIN BE TOLD, IF THIS IS OUR FIRM POSITION, THAT CONTINUATION PRESENT CO-TERMINAL RIGHTS ARE SUBJECT TO DELIVERY BY GOA OF CERTAIN FACILITIES TO US CARRIERS. PERHAPS IT WOULD BE POSSIBLE THAT THIS COULD BE EMPHASIZED BY CAB LETTER SENT TO OHMANS OF AEROLINEAS, WHO WE UNDERSTAND HAS MADE SEVERAL INQUIRIES ORAL OR OTHERWISE TO CAB. IN OTHER WORDS, PRESSURE SHOULD BE BUILT UP BY STEPS SHORT OF ACTUAL WITHDRAWAL PRESENT CO-TERMINAL RIGHTS; C) ARGENTINES SHOULD CONTINUE TO BE TOLD, IF THIS IS FEASIBLE, THAT EXPANSION OF AEROLINEAS FREQUENCIES INTO US SHOULD NOT BE ATTEMPTED DURING PRESENT HIATUS IN CIVAIR RELATIONS; D) A CAREFUL REBUTTAL TO POINTS MADE BY WITTE, HUERGO, AND ESPECIALLY THE "INFORMAL AIDE MEMOIRE" OF MARCH 20 SHOULD BE PREPARED AND DELIVERED; E) WHEN ABOVE STEPS HAVE BEEN TAKEN, USG SHOULD RESPOND TO WITTE PROPOSAL THAT "PROVISIONALLY" INCREASED FREQUENCIES AND ADDITIONAL CO-TERMINALIZATION BY AUTHORIZED BY CIVAIR AUTHORITIES OF TWO GOVERNMENTS.

6. EMBASSY FEELS THERE IS STRONG REASON TO BELIEVE US REACTION ALONG ABOVE LINES HOLDS GOOD PROMISE FOR PUSHING GOA INTO REASONABLE NEGOTIATING POSITION IN NOT TOO FAR DISTANT FUTURE. IT WOULD, WE FEEL, BE A REACTION WHICH DOES NOT INVITE A COUNTER REACTION FROM GOA THAT IS LIKELY TO LEAD TO ESCALATED RESTRICTIVE MEASURES ON EACH SIDE.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, AIR ROUTES, MEETINGS, FOREIGN POLICY POSITION, NEGOTIATIONS, PROPOSALS (BID), MEETING REPORTS, AVIATION AGREEMENTS, AIRLINES  
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**Copy:** SINGLE  
**Draft Date:** 22 MAR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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